

MCES 2009 Proposed Operating Budget

Presented to the Metropolitan Council

July 23, 2008

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MCES



A Clean Water Agency

Mission Statement

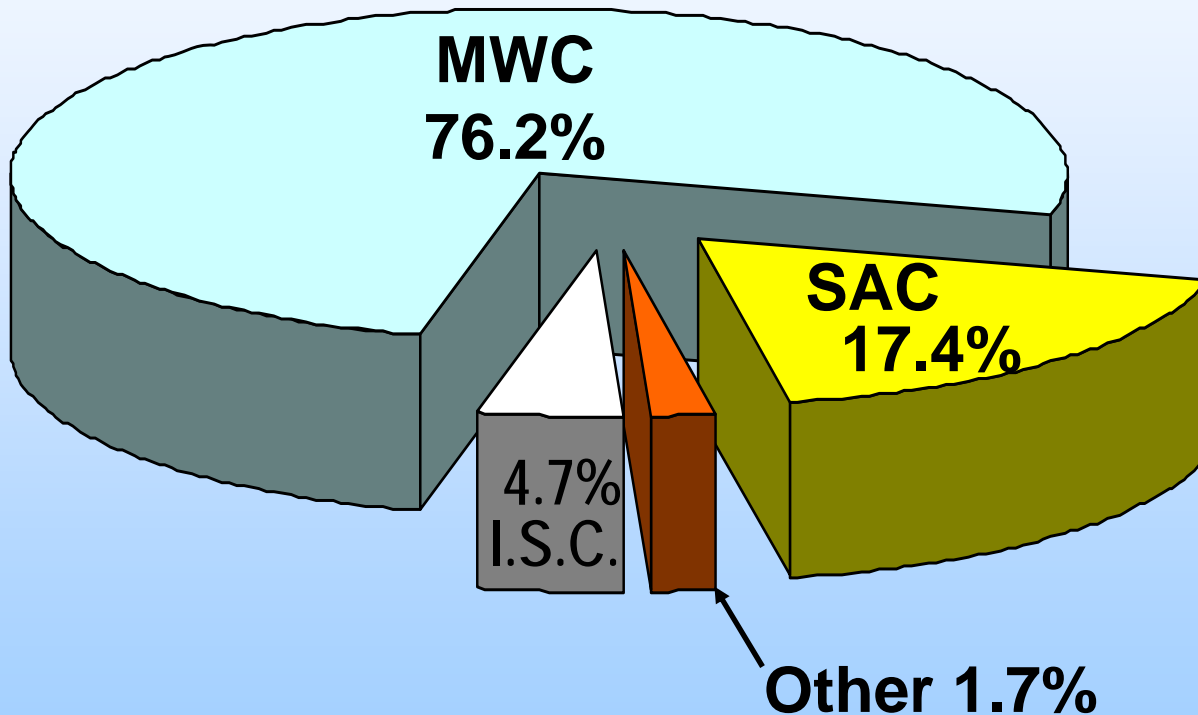
- Eight Treatment Plants
- 578 miles of Regional Interceptors
- Estimated \$2-3 Billion Replacement Value
- Capacity to treat 372 million gallons per day of Wastewater Flow
- 104 Communities Served

The mission of Metropolitan Council Environmental Services (MCES) is to provide wastewater services that protect the public health and environment while supporting regional growth.



MCES Revenues

100% User-fee Funded: No Taxes



MWC = Municipal Wastewater Charge (flow volume)

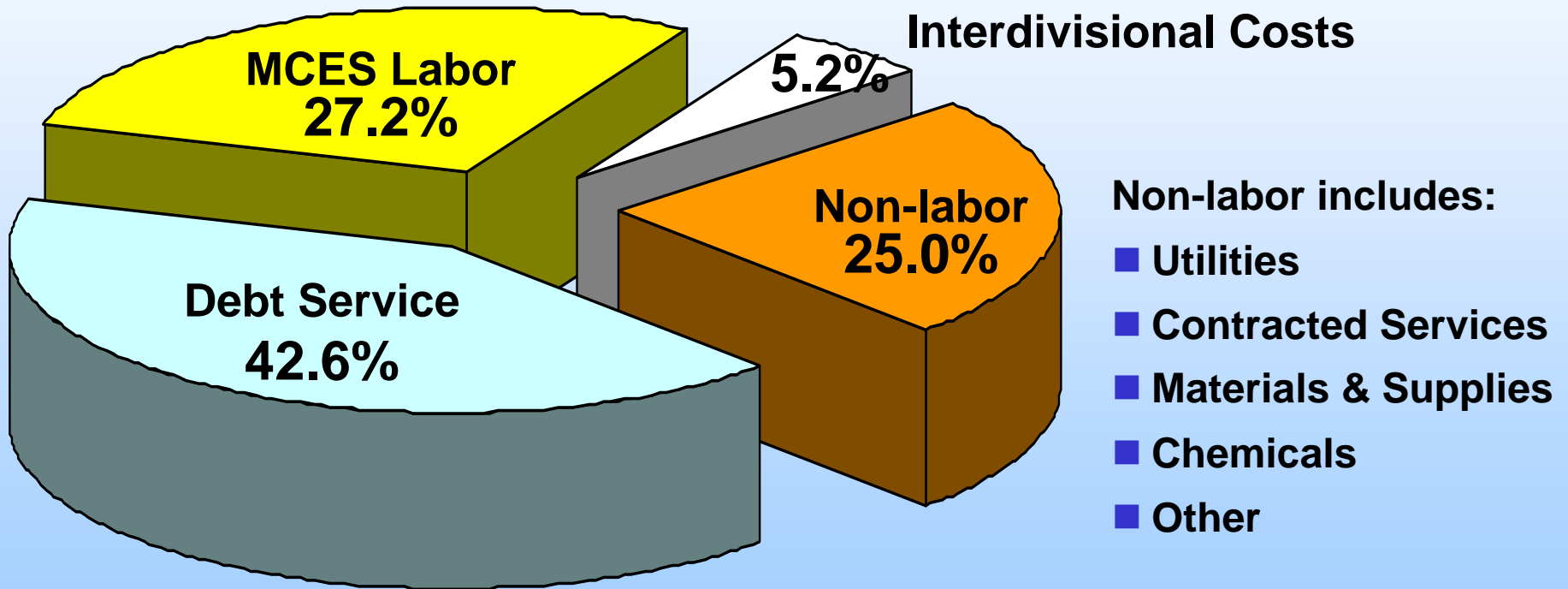
SAC = Service Availability Charge (capacity demand)

I.S.C. = Industry-Specific Charges

Based on 2009 Proposed Budget (as of July 2008)



MCES Expenditures



Based on 2009 Proposed Budget (as of July 2008)



MCES Budgeted Staff

Full Time Equivalents (FTEs): 2004–2009

	2004	2005	2006	2007	2008	2009 Proposed
Budgeted FTEs	719	698	696	695	695	695

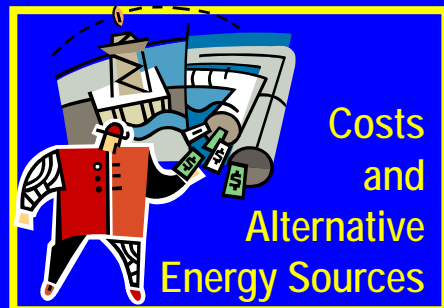
Recent Highlights

Focusing on energy conservation, costs and alternative energy sources.

Energy Conservation Update

15% reduction in non-renewable energy 2010.

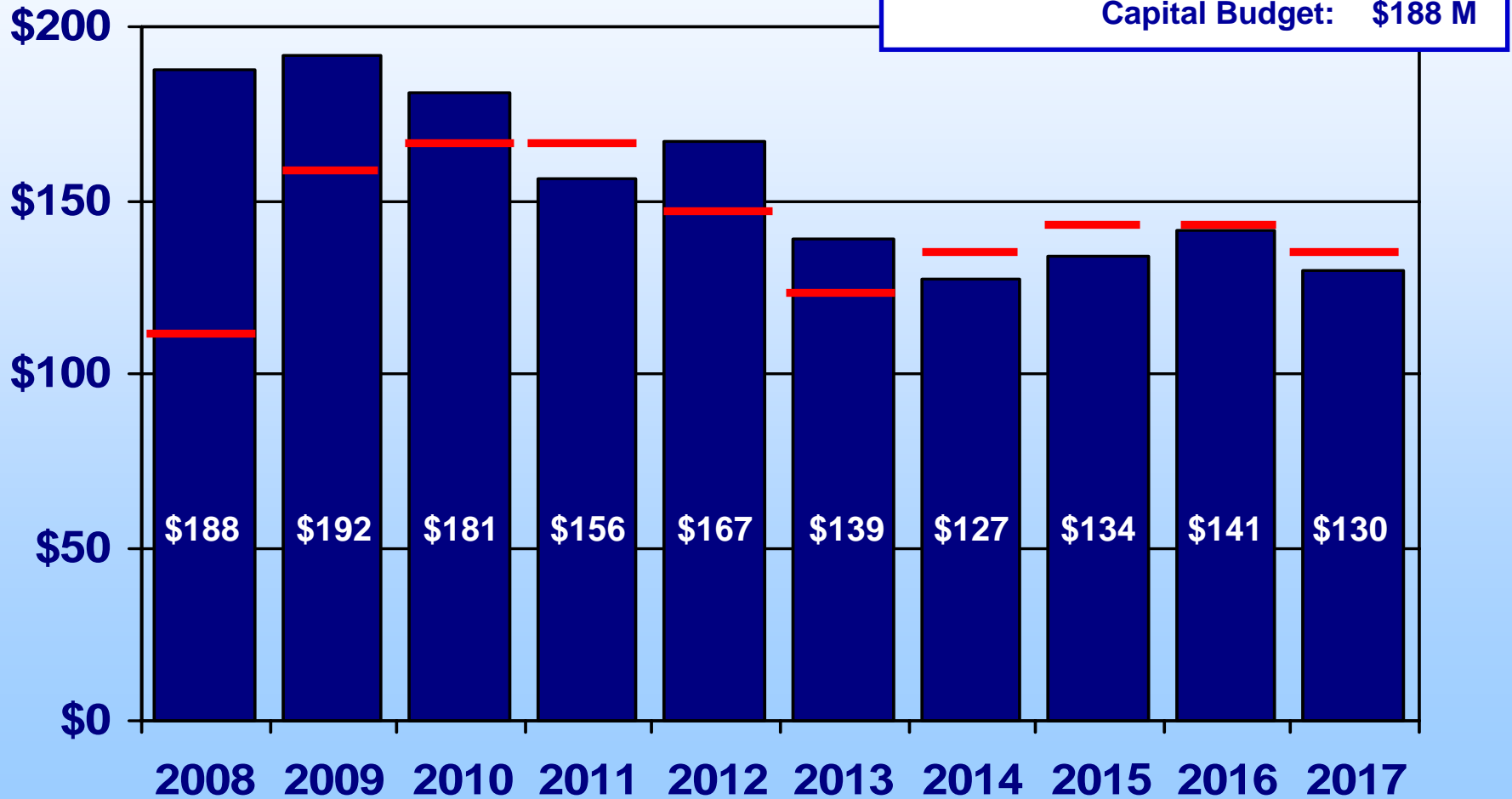
- **Operational Efficiencies**
- **Energy Generation**
- **Conservation**
- **Fleet Management**





Capital Improvement Program Expenses

(\$s millions)



*As adopted Dec. 2007 (red line is \$1.42B CIP revised in April 2008).



Impact of PAYG

\$ in millions

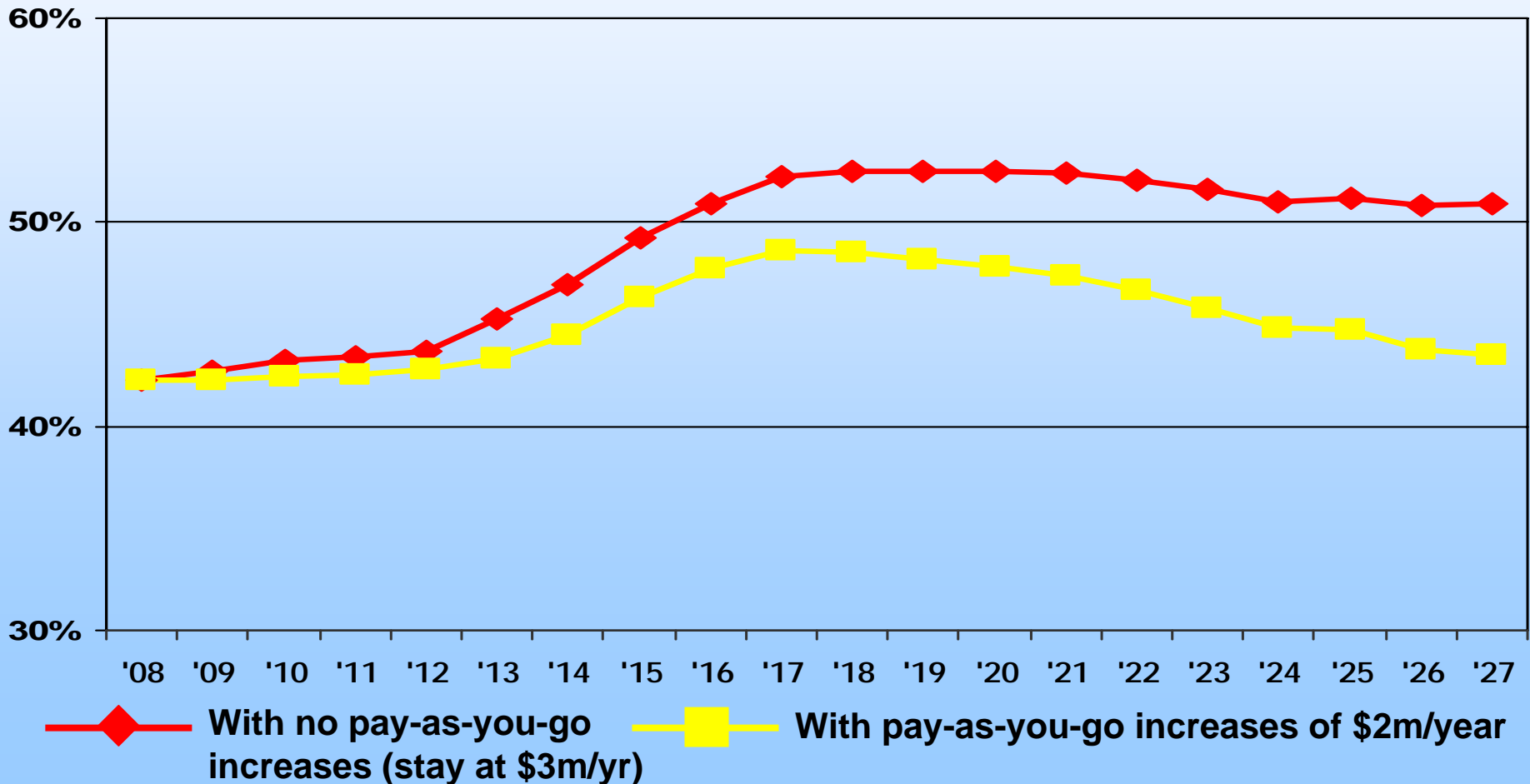
	PAYG	Cum. Decreased Debt Service	Net Impact to Rate Payers	Increase per Capita
2006	1	0	1.0	\$.39
2007	1	.1	.9	\$.35
2008	3	.2	2.8	\$1.07
2009	5	.5	4.5	\$1.69
2010	7	.7	6.3	\$2.34
2011	9	1.2	7.8	\$2.86
2012	11	1.9	9.1	\$3.29
2013	13	2.6	10.4	\$3.71
2014	15	3.6	11.4	\$4.02
2015	17	4.6	12.4	\$4.31



Debt Service: 2008-2027

Debt Service as % of Total Budget

% of Budget





2009 Proposed Budget

MCES Revenues (Sources)

	2008 Budget	2009 Proposed Budget	Percent Change
Municipal			
Wastewater Charges (MWC)	\$153.8	\$161.3	4.9%
SAC Transfers	38.7	37.0	-4.4%
Industrial Charges	9.2	10.0	8.7%
Miscellaneous Revenue	4.3	3.5	-19.0%
Excess Operating Reserve	1.0	1.0	0
TOTAL REVENUES (Sources)	\$207.0	\$212.8	2.8%

(\$s in millions)



2009 Proposed Budget

MCES Expenditures (\$s in millions)

	2008 Budget	2009 Proposed Budget	Percent Change
MCES Labor Costs	\$58.7	\$57.9	-1.4%
Non-Labor Costs & Interdivisional Costs	57.6	58.6	1.7%
Debt Service	87.1	90.7	4.1%
Pay-as-you-go (PAYG)	3.0	5.0	66.7%
Water Resource Planning	.6	.6	0.0%
TOTAL EXPENDITURES	\$207.0	\$212.8	2.8%



Municipal Wastewater Charge

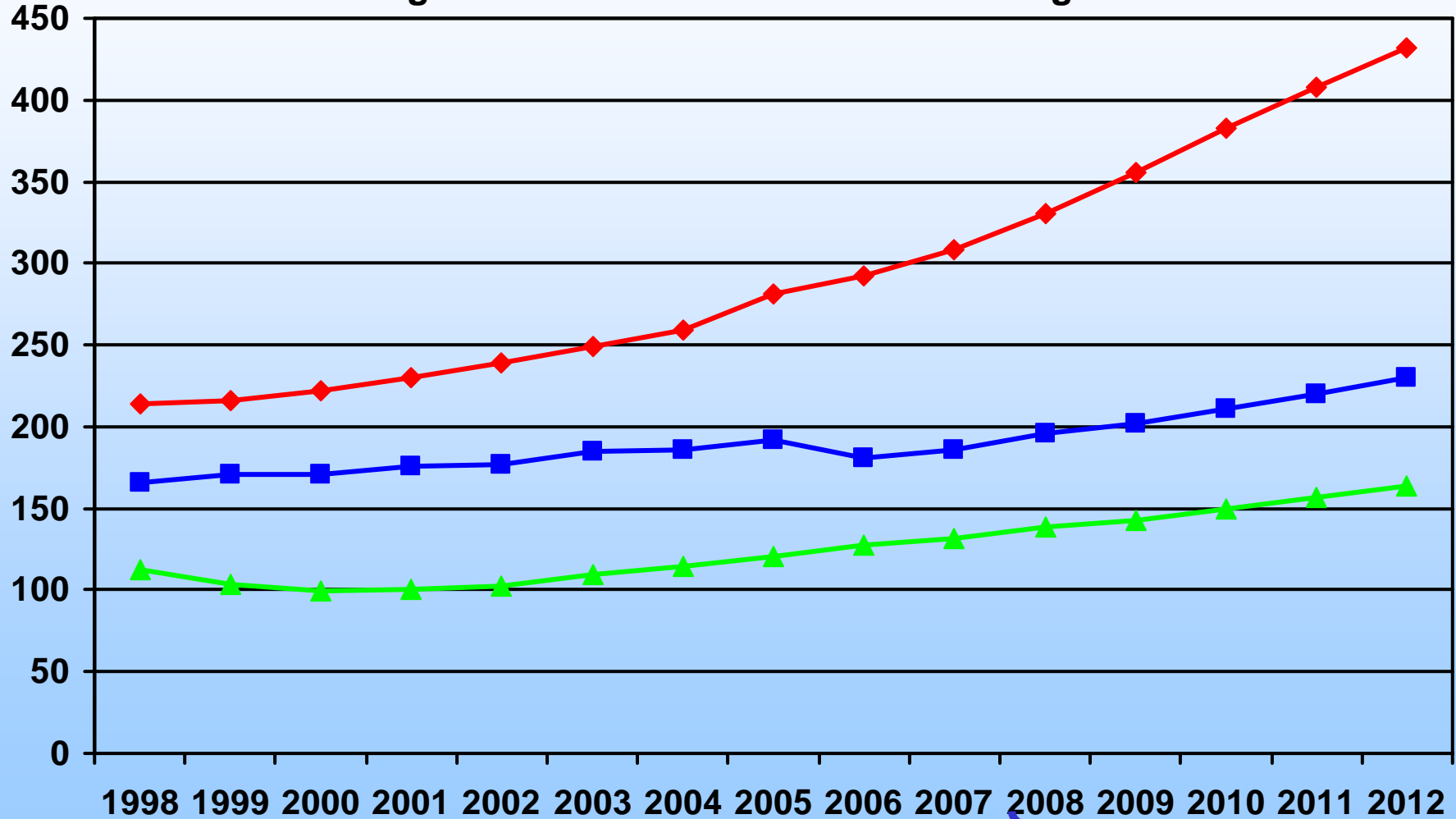
5-Year Estimates (\$s in millions)

	2008	2009	2010	2011	2012	2013
Operation & Maint.	\$116.2	\$116.7	\$119.6	\$122.5	\$126.3	130.2
O&M % Increase		.4%	2.5%	2.4%	3.1%	3.1%
Debt Service	87.1	90.7	95.0	94.9	102.3	111.7
Debt Service % Increase		4.1%	4.7%	-0.1%	7.8%	9.2%
Other	3.7	5.5	7.2	9.0	11.0	13.0
		48.6%	30.9%	25.0%	22.2%	18.2%
Total Expenditures	\$207.0	\$212.9	\$221.8	\$226.4	\$239.6	254.9
Total % Increase		2.9%	4.2%	2.1%	5.8%	6.4%
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MWC	\$153.8	\$161.3	\$169.6	\$172.3	\$179.0	189.4
MWC % Increase		4.9%	5.1%	1.6%	3.9%	5.8%



Average Annual Sewer Charge

◆ NACWA Retail Average* ■ Twin Cities Metro Retail Average ▲ MCES Wholesale Rate



*Source: 2007 NACWA Index (about 200 agencies)

Projected